MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019 / 2020

BMG3824 – CROSS CULTURAL MANAGEMENT

(DISTANCE EDUCATION)

28th FEBRUARY 2020
3 p.m-5 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consist of **FIVE (5)** pages (including the cover page).

2. Answer **ALL** questions. The marks distributions are given in parentheses.

3. Write all your answers in the **Answer Booklet** provided.

Section A-Case Study (40 Marks) Answer ALL Questions.

Apple iPhones-Not Made in America

Apple has become one of the best known, most admired and most imitated companies on earth, in part through an unrelenting mastery of global operations. There are risk and rewards for all in a global economy. The globalization of human capital results in a range of winners and losers around the world: companies and their stockholders, consumers, contractors, firm up and down the supply chain, employed people, and the unemployed people as well as their economies. In February 2011, President Obama asked Apple's Steve Jobs (now deceased) why Apple could not bring back all the jobs it used to provide in the United States. The jobs related to most high tech products made by companies such as Dell, HP and Apple have now migrated overseas including those for Apple's 700 million iPhones (as of March 2015) as well as millions of iPads and now Apple Watches. Time broke down a retail price of $500 for Apple's iPhone, for example and estimated that 61% worth of value comes from Japan, with its high end technology manufacturing: $30 of value is added from Germany; $23 from South Korea; $7 from Chinese assembly lines: $48 from unspecified sources and $11 from United States. Those inputs total $179 for parts and assembly abroad, leaving Apple the inventor in United States a profit of $321. For the first quarter of 2012, Apple made $13 billion in profit.

Although Apple directly employs an estimated 43,000 employees in United States and 20,000 overseas, an additional 700,00 people engineer, build and assemble iPads, iPhones and Apple's other products in Asia and Europe. Sophisticated component parts outsourced in various countries are assembled in China. Some of those are contracted to the Taiwanese-headquartered company. Foxconn's Longhua factory campus in Shenzhen, for example, where more than 300,000 employees live in dorms, eat on site, and churn out iPhones, Sony Play Stations and Dell computers. Foxconn Technology, with 1.2 million employees in plants throughout the country, is China's largest exporter and assembles an estimated 40 percent of the world's consumer electronics, including for customers such as Amazon, Dell, Hewlett-Packard, Nintendo, Nokia and Samsung. No other factories in the world have the manufacturing scale of Foxconn. The answer to President Obama's question is not as simple as the ability to acquire cheaper labor overseas: Apple's executives and those at other high-tech firms claim that "Made in the U.S.A" is not a competitive strategy for them because America does not compare favorably with the industrial skills, hard work and flexibility that can be found in companies such as Foxconn. Questions about what corporate America owes to Americans are met with the example of thousands of Chinese workers being roused in the night to

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accommodate a industrial skills, hard work and flexibility that can be found in companies are met with the example of thousands of Chinese workers being roused in the night to accommodate a industrial skills, hard work and flexibility that can be found in companies such as Foxconn. Questions about what corporate America owes to Americans are met with the example of thousands of Chinese workers being roused in the night to accommodate a redesigned iPhone screen and, within a few days, being able to produce 10,000 iPhones a day- a feat not possible in U.S. factories. Although the cost of labor is a small percentage of an iPhone's cost the major advantage and cost saving in China is in the management of supply chains and rapid access to component parts and manufacturing supplies from various factories in close proximity. In addition, Apple maintains that the large number of engineers and other skilled workers who could be accessed on short notice in China simply are not readily available in the United States: nor are the factories with the scale, speed and flexibility that such a high-tech company needs.

Apple executives give the example of visiting a factory to consider whether it could be necessary work to cut the glass for the iPhone's touch screen and a new wing of the plant was already being built "in case you give us the contract". Fareed Zakarria, in Time, maintains that this competitive edge is gained through Chinese government subsidies and regulations to boost domestic manufacturing. In the end, however Apple maintains that: we don't have an obligation to solve America's problems. Our only obligation is making the best product possible. However, Foxconn raised wages, retained counselors, and literally stung nets from its highest buildings In January 2012, Apple joined the Fair Labor Association(FLA), the first technology company to do so, and asked the group to do an independent of conditions at its major factories. This move followed the company's own report that documented numerous labor violations, including employees working 60-hour workweeks and not being paid proper overtime. A few days after the FLA started its investigation, Foxconn said that it would increase salaries for some workers by 16 percent to 20 percent-to about $400 a month before overtime- and that it would reduce overtime. Although this is encouraging news,it should be noted that Apple and other contractors are known to allow the slimmest of profits to its suppliers, which encourages the suppliers to try anything to reduce their costs, such as using cheaper chemicals or making their employees work faster and longer. "The only way you make money working for Apple is figuring out how to do things more efficiently or cheaper," said an executive. "And then they'll come back next year and force a 10 percent price cut." China is being forced to take notice of such problems, and labor is gaining some ground; the issue then is that firms have started to move jobs to other countries with lower wages.

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Source: International Management Managing Across Borders and Cultures-Helen Deresky, Prentice Hall-9th edition,2017, PP-208-209

Answer All Questions.

1. What is meant by the globalization of human capital? Is this inevitable as firms increase their global operations? **(10 Marks)**

2. How does this case illustrate the threats and opportunities faced by global companies in developing their strategies? **(10 Marks)**

3. Comment on the statement Apple executive's assertion that the company's only obligation is making the best product possible: "We don't have an obligation to solve America's problems." **(10 Marks)**

4. Who are the stakeholders in this case and what, if any, obligations do they have? **(10 Marks)**

SECTION B (60 MARKS)
Answer ALL questions.

Question 1

a) Culture has considerable effect on management practices. Describe convergence, self- reference criterion, parochialism and ethnocentrism. **(10 Marks)**

b) Research has identified many cultural variables in communication. Explain any **Five (5)** of the cultural variables. **(10 Marks)**

Question 2

a) The role played by Multinational Corporations (MNCs) throughout the world have been criticised on several grounds. Discuss any **Five (5)** common criticisms of MNCs activities. **(10 Marks)**

b) Discuss any **Five (5)** valid reasons why companies go international. **(10 Marks)**

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Question 3

a) Trompenaar had researched the value dimensions with 15,000 managers from 28 countries and came up with dimensions namely universalism versus particularism and neutral versus affective dimensions. Explain them. **(10 Marks)**

b) Briefly describe persuasion, concession and agreement stages involved in negotiation process. **(10 Marks)**

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